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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Implementation of paragraph 3 of General Assembly resolution 57/323

Peacekeeping Reserve Fund

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the note by the Secretary-General on the implementation of paragraph 3 of General Assembly resolution 57/323 (A/58/723) and the report of the Secretary-General on the Peacekeeping Reserve Fund (A/58/724).

Implementation of paragraph 3 of General Assembly resolution 57/323

2. By its resolution 57/323 of 18 June 2003, the General Assembly requested the Secretary-General to return 50 per cent of the net cash available for credit to Member States as at 30 June 2002, in the amount of $84,446,000, by 30 June 2003 and decided to postpone the return of the remaining 50 per cent until 31 March 2004 in respect of the fund balances of the United Nations peacekeeping operations listed in paragraph 1 of the note by the Secretary-General (A/58/723).

3. The Advisory Committee notes from the table in paragraph 2 of that note that the net cash available for credit to Member States from those operations, as at 29 February 2004, amounts to $57.4 million. However, loans totalling $152 million were made between 30 June 2003 and 29 February 2004 as the result of significant cash shortages in the United Nations Interim Administration Mission in Kosovo, the United Nations Mission for the Referendum in Western Sahara, the International Criminal Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda owing to the non-payment of assessed contributions, which threatened the viability of those operations (ibid., para. 3).

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4. The Advisory Committee was provided with information on the amounts received andd outstanding for the International Tribunals, as at 29 February 2004 (see annex I below). The Committee was also provided with information on closed peacekeeping missions with cash deficits as at 30 June 2003 (see annex II below).

5. The cash available in the Peacekeeping Reserve Fund as at 29 February 2004 amounts to $74 million. This plus the $57.4 million currently available in the special accounts of closed missions (see para. 3 above) totals $131.4 million.

6. In this connection, information was provided to the Advisory Committee concerning projected cash requirements for peacekeeping missions from March to September 2004. Three missions were expected to start up by June 2004 — in Côte d'Ivoire, Haiti and the Sudan — each of which would require a pre-mandate commitment authority of $50 million, with the result that the Peacekeeping Reserve Fund would reach maximum utilization.

7. The Advisory Committee was informed that budget for the United Nations Operation in Côte d'Ivoire (UNOCI) would be submitted to the General Assembly at its resumed fifty-eighth session, in May 2004. Assessment notices would be sent in July. The mission in the Sudan is expected to be large and it is anticipated that there will be a need for additional interim funding above $50 million, which would require the approval of the Assembly. A budget for the mission will be submitted to the Assembly in September 2004. For Haiti, a budget will also be submitted in September 2004. For all of these, the Peacekeeping Reserve Fund and/or borrowing from closed missions will be necessary for financing until assessments begin to be paid.

8. The Advisory Committee was further informed that, in addition, extension of the United Nations Mission of Support in East Timor (UNMISET) may be authorized by the end of April 2004. In that case, interim funding would be required for the period from July to December 2004 until a revised budget for the period 2004/05 is submitted in September. The Committee was informed that the balance in the special account for UNMISET would be used for that purpose; however, June and September payments to troop-contributing countries for troop costs and contingent-owned equipment might have to be postponed in order to conserve cash until assessed contributions come in.

9. The above scenarios do not include potential developments in respect of Cyprus and Burundi. Because of the fragile financial situation outlined above and the fact that assessed contributions normally take from 45 to 60 days to start to come in, the cash available in closed missions would be required as a buffer to supplement the Peacekeeping Reserve Fund.

10. It is indicated in paragraph 6 of the note by the Secretary-General that prudence dictates that the return to Member States of the amount of $84,446,000, representing 50 per cent of the net cash available for credit to Member States as at 30 June 2002, be postponed; the Secretary-General proposes that this issue be revisited at the fifty-ninth session of the General Assembly in the autumn of 2004.

11. **In the opinion of the Advisory Committee, the postponement of the return of "available cash" to Member States is a policy decision to be determined by the General Assembly.**

12. **However, the Advisory Committee points out that cash from closed missions appears to be the only source that can be used for temporary cross-borrowing when the International Tribunals or active peacekeeping operations run out of cash. Cash from closed missions is also a source of funding for new missions, in addition to the Peacekeeping Reserve Fund (see para. 16 below). Borrowing from active missions is not permitted under General Assembly resolutions (see, for example, Assembly resolution 57/335, para. 23); the use of the Peacekeeping Reserve Fund is restricted to the purposes set out in Assembly resolution 49/233 A of 23 December 1994 (see para. 13 below).**

Peacekeeping Reserve Fund

13. The report of the Secretary-General (A/58/724) provides information on the status of the Peacekeeping Reserve Fund. The Advisory Committee recalls that the General Assembly, in its resolution 47/217 of 23 December 1992, created a Peacekeeping Reserve Fund as a cash-flow mechanism to ensure the rapid response of the Organization to the needs of peacekeeping operations, and decided that the level of the Fund should be $150 million. The Assembly, in its resolution 49/233 A, decided to limit the utilization of the Fund to the start-up phase of new peacekeeping operations, to the expansion of existing ones or to unforeseen and extraordinary expenditures related to peacekeeping.

14. As indicated in the audited financial statements for the 12-month period from 1 July 2002 to 30 June 2003, the level of the Fund, as at 30 June 2003, was $194.3 million. Of that amount, $33.3 million was transferred to the support account for peacekeeping operations for the period from 1 July 2003 to 30 June 2004 under the terms of General Assembly resolution 57/317 of 18 June 2003, leaving an amount of $161.0 million.

15. The Advisory Committee notes from paragraph 3 of the report that, as at 29 February 2004, the fund balance was $163.0 million, consisting of available cash ($74 million), loans to the United Nations Mission in the Central African Republic ($13 million), which are still outstanding, and loans to the United Nations Mission in Liberia ($76 million) for its start-up requirements.

16. The Secretary-General indicates that it is vital that the Fund be maintained at its current authorized level (ibid., para.7). As noted in paragraphs 6 to 9 above, the Peacekeeping Reserve Fund will be required to meet the immediate cash requirements of UNOCI, UNMISET and other potential missions. The Advisory Committee notes from paragraph 6 of the report that the level of the strategic deployment stocks would not be adequate to meet all those requirements. Upon enquiry, the representatives of the Secretary-General indicated that increasing the level of the Peacekeeping Reserve Fund would require a separate decision by the General Assembly and a separate assessment, which, with the current pattern of payments, would not address short-term liquidity requirements. **The Committee is of the view that an increase in the level of the Peacekeeping Reserve Fund would have little or no impact on the short-term cash-flow problem, which can be solved only by an improved pattern of payment of assessed contributions.**

17. The action to be taken by the General Assembly in connection with the Peacekeeping Reserve Fund is indicated in paragraph 8 of the report. **The Advisory Committee recommends acceptance of the proposals of the Secretary-General**

to maintain the level of the Fund at $150 million and that the balance in excess of the authorized level of the Fund, namely $11.047 million, be applied to meet the financing of the support account for peacekeeping operations for the period from 1 July 2004 to 30 June 2005.

Annex I

Amounts received and outstanding, International Criminal Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda

Year	*Assessments*	*Receipts*	*Total outstanding at year's end*
International Criminal Tribunal for the Former Yugoslavia			
1995	20 159 822	16 152 748	4 007 074
1996	16 310 247	15 448 060	4 869 261
1997	22 543 202	18 205 005	9 208 860
1998	48 292 999	46 361 629	11 140 357
1999	92 723 552	85 273 984	18 589 925
2000	87 926 036	80 350 175	26 068 979
2001	88 192 566	90 186 849	24 074 820
2002	110 323 286	106 386 819	28 013 501
2003	119 151 883	93 964 421	53 200 963
2004[a]	159 519 216	67 891 396	144 828 783
International Criminal Tribunal for Rwanda			
1995	6 526 500	5 321 621	1 204 879
1996	13 297 166	11 829 933	2 672 112
1997	12 680 162	10 332 590	5 020 329
1998	50 802 376	46 971 321	8 851 513
1999	62 126 144	57 628 111	13 349 546
2000	78 498 435	70 661 357	21 123 678
2001	80 716 179	82 143 806	19 696 135
2002	88 745 685	93 028 721	15 415 084
2003	98 089 500	78 813 562	34 741 022
2004[a]	113 743 821	41 856 249	106 628 594
Total, International Tribunals			
1995	26 686 322	21 474 369	5 211 953
1996	29 607 413	27 277 993	7 541 373
1997	35 223 364	28 537 595	14 229 189
1998	99 100 403	93 333 598	19 995 994
1999	154 849 696	142 906 219	31 939 471
2000	166 425 095	151 011 948	47 192 865
2001	168 913 166	172 330 877	43 775 154
2002	199 068 971	199 415 540	43 428 585
2003	217 241 674	172 778 274	87 941 985
2004[a]	273 263 037	109 747 645	251 457 377

[a] Receipts and outstanding amounts are as at 29 February 2004.

Annex II

Closed missions with a cash deficit (as at 30 June 2003)

(Thousands of United States dollars)

Category	*MINUGUA*	*ONUMOZ*	*UNOSOM*	*MIPONUH*	*UNTAC*	*MINURCA*	*Total*
1. Cash assets	1	607	1 894	1 772	805	277	5 355
2. Less: Liabilities	(132)	(2 096)	(22 717)	(10 210)	(42 686)	(28 036)	(105 745)
3. Amount to be returned to Member States under General Assembly resolution 56/292 (strategic deployment stocks)	-	-	-	-	-	-	-
4. Cash available (deficit) for credit to Member States (1 less 2)	**(131)**	**(1 489)**	**(20 823)**	**(8 438)**	**(41 881)**	**(27 759)**	**(100 390)**
5. Uncollected assessments and other receivables	149	18 762	61 425	19 878	43 372	35 944	179 381
6. Balance as at 30 June 2003 (5 less 4)	**18**	**17 273**	**40 602**	**11 440**	**1 491**	**8 185**	**78 991**

Acronyms: MINUGUA, United Nations Verification Mission in Guatemala; ONUMOZ, United Nations Operation in Mozambique; UNOSOM, United Nations Operation in Somalia; MIPONUH, United Nations Civilian Police Mission in Haiti; UNTAC, United Nations Transitional Authority in Cambodia; MINURCA, United Nations Mission in the Central African Republic.